DECLASSIFIED PET 15-2 LIBYA

Department of State

TELEGRAM

XR PET 17-2 IT-LIBYA
XR PET 6 UK

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47
ACTION E-11

INFO OCT-01 AF-08 EUR-20 NEA-09 CIAE-00 DODE-00 PM-06 H-02
INR-06 L-03 NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14
USIA-12 OEP-01 INT-06 TRSE-00 COM-08 OPIC-12 RSR-01
/135 W

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R 041618Z JAN 72
FM AMEMBASSY ROME
TO SECSTATE WASHDC 2393
INFO AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TRIPOLI
AMCONSUL PALERMO

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 3/4/82
RDS☐or XDS☐EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASABLE☑
RELEASE DENIED☐
FA or FOI EXEMPTIONS

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SUBJ: OIL: NATIONALIZATION OF BP LIBYA

REF: LONDON 023; STATE 229809 — Pet 15-2 LIB

1. ITALIAN LAWYERS FOR BP HAVE ISSUED FOLLOWING STATEMENT AS REPORTED LOCAL PRESS: QUOTE NEITHER THE CARGO NOR THE SHIP WHICH TRANSPORTED THE CRUDE HAVE BEEN SEQUESTERED BUT AN ACTION OF JUDICIAL SEQUESTRATION HAS BEEN UNDERTAKEN BASED ON ARTICLE 670, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE AND COMPRISING SAMPLES OF CRUDE OIL FROM THE CARGO AND DOCUMENTS CONCERNING THE CARGO AS WELL AS EXTRACTS FROM THE SHIP'S LOG TO ESTABLISH THE EXACT SOURCE OF THE CRUDE.

2. THE SEQUESTRATION OF THE SAMPLES WAS AUTHORIZED BY THE PRESIDENT OF THE COURT AT SYRACUSE DR. LUCIO FINOCCHIARO ON LAST DECEMBER 30, AND WAS UNDERTAKEN BY THE PROCURATORS GIUSEPPE AND GIOVANBATTISTA RIZZA OF THE PORT OF SYRACUSE ON JANUARY 2 WHEN

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THE SHIP ENTERED THE PORT OF AUGUSTA. AT THAT TIME THREE SAMPLES OF THE CRUDE AND COPIES OF THE DOCUMENTS CONCERNING THE CARGO WERE OBTAINED. THE SHIP UNLOADED ITS CARGO AT THE COASTAL STORAGE FACILITIES OF SINCAT AND LEFT PORT THE SAME DAY JANUARY 2. THIS MORNING (JANUARY 3) BP EXPLORATION (LIBYA) NOTIFIED SINCAT FORMALLY THAT IT HAD VERIFIED THAT THE CARGO UNLOADED FROM THE KAPETAIN ELIAS CONSISTED OF CRUDE FROM THE RECENTLY NATIONALIZED CONCESSION 65 UNQUOTE.

3. AS ADDRESSEES AWARE, SINCAT IS A SUBSIDIARY OF MONTEDISON AND OWNER OF LARGE SICILIAN REFINERY. THEORETICALLY SINCAT COULD BE HELD LIABLE TO BP FOR HALF INTEREST IN CRUDE IF BP'S CASE UPHELD IN COURTS. PRESS POINTS OUT THAT BP LIBYA PUBLISHED WARNING IN LEADING ITALIAN NEWSPAPERS ON DECEMBER 23 NOTIFYING ALL PARTIES OF ITS RIGHTS CONCERNING OIL FROM CONCESSION 65.

4. BRITISH EMBASSY HERE HAS MADE NO APPROACH TO FOREIGN OFFICE SINCE LEGAL PROCEEDINGS INITIATED AND APPARENTLY INTENDS LET BP CARRY THE BALL. WE UNDERSTAND THAT DEMARCHE REFERRED TO (REF B) WAS MADE LOW KEY AND VERBALLY AND WAS DIRECTED TO FOREIGN OFFICE DEPARTMENT CONCERNED WITH NORTH AFRICAN AFFAIRS RATHER THAN OFFICE OF ENERGY AFFAIRS (VANNI).

5. WHILE LOCAL PRESS DOES NOT PREDICT OUTCOME OF LAW SUIT SOME RECALL THAT ITALY WAS CHOSEN FOR TEST CASE 20 YEARS AGO AT TIME OF IRANIAN NATIONALIZATION BY MOSSADEQ WHEN ANGLO-IRANIAN OIL COMPANY FILED SUIT IN VENICE COURT AGAINST CARGO OF TANKER MIRELLA USING SAME LAW FIRM, CHIOMENTI OF ROME, WHICH IS ACTING FOR BP IN PRESENT CASE. PAPERS SAY PREVIOUS CASE WAS PROLONGED FOR A NUMBER OF MONTHS AND NEVER FULLY CLARIFIED SINCE ITALY BUYER TURNED OUT TO BE DUMMY COMPANY ACTING FOR PRINCIPAL WHO COULD NOT BE IDENTIFIED. MARTIN

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